

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

IRS e-file Moves Forward; Successfully Executes Electronic Filing of Nation's Largest Tax Return

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WASHINGTON —The Internal Revenue Service today announced significant progress in its corporate e-file program, including the successful May 18, 2006 e-filing of the nation's largest tax return from General Electric (GE).

On paper, GE's e-filed return would have been approximately 24,000 pages long. After filing, GE received IRS' acknowledgement of its filing in about an hour. The file was 237 MB.

"Having GE file electronically shows the program is working," said IRS Commissioner Mark W. Everson. "Having the largest tax return is a major milestone for the corporate e-file program. I appreciate GE's work to get this done."

This is the first year that certain large corporations with assets in excess of \$50 million were required to file electronically. The IRS expects more than 10,000 of these large corporations to e-file by the extended filing date of Sept. 15, 2006. More than 4,750 large corporations have already e-filed this year, including 3,042 with assets of \$50 million or more.

"For GE, digitization is a strategic priority," said John Samuels, VP and Senior Tax Counsel for the company. "The IRS is truly committed to this process and they made resources available to us around the clock, seven days a week to enable us to meet our filing deadline. Recent changes announced by the IRS to simplify reporting requirements and reduce impediments to e-filing are more steps in the right direction. We look forward to state and local jurisdictions implementing e-filing to reduce the burden and cost of tax return compliance. We are proud to play a part in this important transformation."

Tax information submitted to IRS electronically enables faster, more accurate processing and quicker interactions between IRS and taxpayers. E-filed returns are processed as they are received and filers receive prompt electronic acknowledgements. Corporate e-file is expected to reduce by millions of pages the paper sent to the IRS and stored there.

"The corporate e-file effort helps improve audit efficiency while reducing the cost of transcribing data from paper to the IRS database," said Deborah Nolan, Commissioner of the IRS Large and Mid-Size Business Division. "We worked with tax professionals,

software developers and corporate taxpayers to remove barriers to facilitate taxpayers' ability to comply with the mandate. GE's experience shows that taxpayers with very large and complex returns can e-file, and our systems can handle it."

IRS uses the latest internet security technologies to ensure information confidentiality and data security. E-file also eliminates software barriers and allows for the safe, secure transfers of electronic funds.

On the advice of stakeholders, the IRS has designed the corporate and tax-exempt organizations e-file program to be flexible to accommodate the various needs of these large organizations. In some cases, the IRS will accept PDF files and even paper documents as part of an electronic return. With this degree of flexibility, the agency has not granted many waivers.

E-file has been available to corporations on a voluntary basis since 2004. In 2005, more than 200,000 corporations filed their corporate income tax returns electronically.

Corporations that have assets of \$50 million or more and file at least 250 returns annually are mandated to electronically file their 1120/1120S income tax returns for tax years ending on or after Dec. 31, 2005. After the first effective year, the requirement will affect corporations that have assets of \$10 million or more.

Increasingly, businesses and exempt organizations are conducting most or all of their transactions with the IRS electronically, which benefits the filer and the IRS. Filers benefit because of the increased accuracy of e-filed returns and the speed with which e-filed returns are processed. The IRS values the increased efficiency in processing electronic returns and the reduction in rework resulting from paper returns.